

May 30, 2010

To Senator Max Baucus

### Central Maintenance Building

The Kootenai Business Park Industrial District Board of Directors has a perplexing issue with the EPA concerning the lower roof on the Central Maintenance Building. The roof contains vermiculite/Libby asbestos light concrete. The roof has leaked for some time and now the decking has deteriorated to an unsafe condition for our tenants. The EPA has agreed to remove the vermiculite/Libby asbestos/concrete, but not repair nor replace the roof. By their own calculations, the cost of removal would approximate \$627,600 plus oversight and analytical costs.

We have discussed this with the EPA and asked them if the Industrial District obtained independent bids for the removal, repair and replacement and if it cost about the same, would they consider this option. They agreed to consider this option. The Industrial district obtained bids from three contractors and the total cost for removal, repair and replacement, along with a 20% contingency amounted to \$430,050.

This approach would save the EPA \$300,000, put the building back into a safe working condition and remove the potential asbestos exposure to our tenants working in the building. They have told us that is illegal for the EPA to repair and replace the roof.

It should be noted that the EPA did remove, repair and replace the roof on 12,000 sq. ft. in the mobile shop area of the same building. In addition, the EPA put into escrow funds for the golf course, once the contaminated soil was removed, to replace the soils, design the greens and replace the grass. It is difficult for the District Board to understand why this approach is any different than what the District is requesting from the EPA.

Every day that goes by, the roof continues to deteriorate. A few months ago, a portion of this roof came crashing down, fracturing the concrete and potentially contaminating the portion of the building already cleaned by EPA contractors. This is in an area occupied by Stinger Welding and potentially putting their 35 employees at risk.

We have patched and patched the roof and it continues to leak compounding the issue of providing a safe and healthy workplace for our tenants and their employees. The Industrial District Board would appreciate your review of this matter and bring it to a conclusion providing a win (for the EPA by saving \$300,000) win (for the Industrial District by providing a safe and healthy workplace) for all parties involved.

### Background:

The Central Maintenance Building is one of many buildings that Stimson Lumber Company deeded to the Lincoln County Port Authority on December 31, 2003. The Building is approximately 62,000 sq. ft. The building consists of three separate areas.

One area is the carrier bam, which is approximately 8,000 sq. ft. and is located on the west end of the building. The second area is the mobile shop crane shed area which is on the north side of the building and is approximately 12,000 sq. ft. The third area is the former engineering offices, warehouse space & machine shop and is approximately 42,000 sq. ft. located on the south of the building.

In 2002 the EPA conducted extensive sampling of the Central Maintenance Building (CMB) while Stimson Lumber Company was still in operation. The sampling revealed that dust in the mobile shop contained significant levels of Libby Asbestos. Based upon the sampling results, the EPA determined that the CMB would require abatement and clean-up.

During April of 2004, the Port Authority started to lease out certain sections of the facility. Seton Manufacturing was the first tenant in the Machine Shop area. At that time the roofs in the mobile shop as well as the machine shop, engineering and warehouse areas were leaking. The Port Authority hired Bob Payne to patch the roof areas that were a concern and remove some mechanical items on the roof that could become a hazard.

In July of 2004 the Port Authority came up with three possible scenarios for the building:

1. Clean the Building, Replace Roof and not request either Stimson or the Port Authority to participate in the cost.
2. Clean the building to demo standards and forget the roof.
3. Clean building to demo standards and work along with demo contractor, assist in relocating existing businesses and work towards a replacement facility.

On July 19, 2004 On Scene Coordinator Craig Myers responded in an email and wrote: "From strictly a removal standpoint, option 2 is the best one for the EPA. It will reduce the costs to clean up the building, thus freeing up more \$\$ for house cleanup in Libby. If I don't have to worry about replacing the roof, or doing any restoration work once the building is clean, then I will be done and out of your hair sooner. However, if the decision to dismantle/salvage the building has not been made, then this may not be an option. If the building is not going to be dismantled, then we are most likely left with option 1. only"

The EPA made the determination that due to the type of construction of the building and its poor physical condition would lend it to releasing asbestos into the working space. Thus the vermiculite insulation in the walls was removed and the vermiculite light concrete roofing insulation was removed, and the roof repaired and replaced.

In a letter dated October 8, 2005 from Jim Christiansen, Remedial Project Manager to the Lincoln County Port Authority, Mr. Christiansen deems the building to be clean and ready for occupancy. He also states that the "EPA has not yet set final cleanup levels for the Libby Asbestos Site. This will occur when EPA publishes a final Record of Decision.

If this results in a need for additional sampling or cleanup at the property, the Port Authority will be contacted."

The lower sections of the building needed roof repairs and the Industrial District has spent over \$40,000 addressing this issue. The Industrial District has constantly requested that the EPA take action on the lower roof portion of the facility by removing the asbestos/vermiculite/concrete insulation on the roof and replace it with a suitable roofing fabric.

From 2005 up to the present, the EPA has often stated that a ROD (Record of Decision) will be issued on OU5 and once it is published the removal, repair and replacement of the roof may take place. Initially, Jim Christensen thought a ROD would be issued in the summer of 2006. After the ROD was published, the Industrial District could apply for Brovmsfield redevelopment funding.

The Industrial District/Port Authority continued to discuss the safety and roof situation with the EPA. In a letter dated July 7, 2007 Paul Peronard addressed the issue of the unremediated portions (lower roof areas) of the building. He states "While I observed no obvious physical deterioration of the ceiling and walls in the lower roof level area, it has been some time since EPA has sampled in the part of the CMB. Since we know there is residual contamination left in place, it would seem prudent that we conduct some follow up sampling to assess whether the situation in this now occupied portion of the CMB has changed."

In the same letter, Mr. Peronard continues to state "please keep in mind that it was the EPA who identified and remediated what were clearly the most pressing problems at the CMB, and we did so without seeking financial contribution from the Lincoln County Port Authority. Likewise, with the Port Authority's continued cooperation it will be the EPA that will shoulder the burden of the expense of any future clean ups. The EPA is will aware of the need in Libby for continued economic development and applauds the Port Authority's efforts in this regard."

In November of 2007 a preliminary assessment of this roof section was conducted by Brian McKee, PE. In this report, Mr. McKee points out that the facility is basically in good condition, except the roof is in need of repairs in areas where it is leaking and where there appears to be water damage. Due to the leaking of the roof the wooden decking continued to decay and become unstable, so much so that a section of the roof caved in with the asbestos containing light concrete fracturing into pieces potentially contaminating the cleaned up portions of the facility.

In May of 2009 the EPA obtain Government Constmction Cost Estimate for the roof demolition at CMB Operable Unit 5. Their own estimate came to \$627,600 with additional costs of oversight and analytical costs. It is believed that their total estimate is around \$700,000. When this was revealed to the Industrial District, the thought immediately occurred that if the Industrial District obtained bids for removal, repair and replacement that were less than the EPA's estimate, would the EPA consider putting the

funds into an escrow account for the District to use. The EPA stated that they would consider that option.

Bids were obtained from Montana licensed contractors, and the total sum to remove, repair and replace amounted to \$430,050. In a discussion with the EPA they wanted to see our bids and cost estimates before they would consider an escrow account. When the information was brought to the EPA, they then stated that they can only assist with the removal and possibly assist in the project up to \$200,000.

The Industrial District felt quite betrayed with this change of events that occurred over just a few days. The reason given by the EPA is that it is illegal for the EPA to repair and replace a damaged roof. They are willing to participate in the removal of the asbestos/concrete, but are not willing to assist in the repair and replacement.

# Government Construction Cost Estimate

Roof demolition at Central Maintenance Building (CMB)

Operable Unit 5

## Construction

|                        |                      |
|------------------------|----------------------|
| Labor                  | \$ 364,200.00        |
|                        |                      |
| Equipment              | \$ 73,500.00         |
|                        |                      |
| Materials              | \$ 55,300.00         |
|                        |                      |
| <b><i>SUBTOTAL</i></b> | <b>\$ 493,000.00</b> |

## Disposal

|   |                      |
|---|----------------------|
| Tipping fees  | \$ 16,100.00         |
|   |                      |
| Disposal contractor                                       | \$ 118,500.00        |
|   |                      |
| (mod to Volpe Center Task Order 12 contractor to operate) |                      |
| <b><i>SUBTOTAL</i></b>                                    | <b>\$ 134,600.00</b> |

|              |                      |
|--------------|----------------------|
| <b>TOTAL</b> | <b>\$ 627,600.00</b> |
|--------------|----------------------|

### ESTIMATED CONSTRUCTION SCHEDULE (business days)

Set up: 6 days  
Roof demolition: 50 days  
Restoration: 5 days

### Assumptions:

- 1 The area of the roof is approximately 26,000 square feet
- 2 Six (6) inches of roofing material to be removed
- 3 All businesses currently operating in the CMB will be closed during construction
- 4 Landfill open for 15 days for CMB only
- 5 Tipping fees paid directly to Lincoln County via Volpe Center contract
- 6 Work to occur in June and July
- 7 Material from roof will not be individually bagged
- 8 Dollars are rounded to the nearest hundred
- 9 Construction estimate includes bond, fee, and G&A
- 10 Estimate does not include oversight or analytical costs

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|--|--|-----------|
| <b>Central Maintenance Roof Budget</b> |  |           |
|  |  |           |
| <b>Removal Contactor</b>               |  |           |
| IRS Environmental                      |  | \$85,540  |
|  |  |           |
| <b>Roofing Contactor</b>               |  |           |
| Neu Tech                               |  | \$143,500 |
|  |  |           |
| <b>Repair &amp; Replacement</b>        |  |           |
| Jim Regh                               |  | \$75,000  |
|  |  |           |
| <b>Total Hard Costs</b>                |  | \$304,040 |
|  |  |           |
|  |  |           |
| <b>Soft Costs</b>                      |  |           |
| Bonding                                |  | \$15,202  |
|  |  |           |
| Tipping fees                           |  | \$35,000  |
|  |  |           |
| Project Management                     |  | \$15,000  |
|  |  |           |
| <b>Total Soft Cost</b>                 |  | \$65,202  |
|  |  |           |
|  |  |           |
|  |  |           |
| Contingencies @ 20%                    |  | \$60,808  |
|  |  |           |
| <b>Total Project Budget</b>            |  | \$430,050 |
|  |  |           |